



## A Blueprint for Trade and Investment with Indonesia

# Health Services and Aged Care Sector in Brief

### OVERVIEW

Indonesia has a full spectrum of health service needs due to rapid social and demographic changes (e.g., increasing life expectancy and a growing middle class).

- Indonesia is expanding its basic universal healthcare for poorer people, while wealthier people seek premium healthcare services in Indonesia to avoid travelling.
- The market for high quality, internationally competitive health services in Indonesia is estimated at around \$2 billion and is largely untapped.
- Private health insurance is also growing rapidly at 7.7% per year, offering significant potential with only 8% of the population privately insured.

Indonesia is also working to improve health governance and service delivery by exploring trade and market access opportunities to overcome supply constraints.

- IA-CEPA includes a commitment to allow majority Australian owned large hospitals; in-hospital pathology; various medical and dental clinics; and aged-care services.
  - › Indonesia's ageing population is putting pressure on the healthcare system, with the number of people aged over 65 set to double in the next 25 years.
- Australia is well positioned to address the education and training needs of Indonesia's health workforce.

### OPPORTUNITIES

Healthcare in Indonesia is facing diverse service delivery challenges, with rapid social and demographic changes, rising life expectancy and the growth of a middle class seeking premium healthcare.

The Indonesian Government's National Health Strategy priorities include:

- Improving maternal and child health
- Community nutrition
- Promoting healthy lifestyles
- Strengthening the health care system
- Disease control and management
- Control of medicines and food



## WHERE TO FOCUS

With an estimated need for increased investment in healthcare of \$13.8 - 22.2 billion per year by 2030, provincial governments are exploring more private investment and partnerships to assist them to both build and manage facilities.



**Aged care:** By 2045, an additional 26 million people aged over 65 will drive Indonesia's demand for healthcare products for the elderly. As family care for the elderly is common in Indonesia, opportunities may exist in the short term for home-based care services.



**Digital health:** The COVID-19 pandemic has increased the uptake of digital healthcare services in Indonesia. The growth of digital health technology can assist system efficiency and patient experience while improving access to healthcare for poor and rural populations.



**Medical equipment:** With Indonesia importing about 90% of its medical devices, Australia is well placed to meet Indonesia's demand for surgical equipment, medical imaging, and laboratory equipment for diagnostic tests.



**Infrastructure:** Australia can support Indonesia to expand its hospital and healthcare facilities, including pathology labs and medical clinics. Opportunities in this sector range from design and construction to management services including public-private partnerships.

## WHAT IA-CEPA OFFERS

Under IA-CEPA, Australian companies can own up to 67% of aged care facilities and large hospitals, and within large hospitals - up to 67% of pathology, paramedic and medical services and dental specialist clinic services. Foreign companies cannot register any form of healthcare business in Indonesia without a local Indonesian office or a local distributor in place. Australian businesses are leveraging partnerships and collaborating with Indonesian counterparts to overcome these challenges.



## CHALLENGES

Despite significant improvements over the past five decades, challenges remain for health services delivery in Indonesia. Indonesia's health outcomes and quality of facilities are not on par with Australia. A lack of supporting infrastructure or skilled professionals could also pose a challenge to some Australian medical technology and health services.

## HOW TO ENTER THE SECTOR

Australia's global reputation for delivering good health outcomes has helped drive cooperation with Indonesia's health sector. This collaborative model focuses on delivering services and mutual benefit for Indonesia while increasing trade and investment outcomes for Australia. Potential areas for engagement include:

- establishing Australian consortia in key healthcare subsectors;
- clearly articulating Australia's value proposition; and
- developing a roadmap for standards harmonisation across the health sector.

## CASE STUDY

### ***Aspen Medical / DCOTA building health infrastructure in West Java***

Canberra-based Aspen Medical and Sydney-based DOCTA have teamed up with West Java Government company PT Jasa Sarana to create a special purpose vehicle (SPV) to manage health infrastructure in the province.

This US\$1 billion project aims to build and operate up to 23 hospitals and establish 650+ primary health care clinics in Indonesia's most populous province over the next 20 years. The SPV will be responsible for funding the project with debt and equity, with the management and operation of the individual components negotiated on a case-by-case basis. The first hospital project valued at US\$60 million is due to be finished in 2024.